

The Sweet Smell of Investing in Silver and Gold

By [The Mogambo Guru](#)

07/19/10 Tampa, Florida – Those of us who are now called “gold bugs” will soon be referred to as “genius rich persons who must be obeyed” because we bought gold, silver and oil while the rest of the world got laughably infatuated with paper assets, which top scholars will tell you shows why the word “infatuated” sounds sort of like “flatulence” in a secret-code kind of way, which (when one has successfully calibrated one’s Mogambo Secret Decode Ring (MSDR)) can be unscrambled to reveal the message, “You will be so rich that when you fart, you can ask ‘What is that smell?’ and all around you people who have been losing everything by not buying gold, silver and oil will answer in unison ‘It is truly the smell of sweet, sweet roses, second in delight only to the heavenly odor of your feet, oh, glorious genius rich person!’ because they know what will happen to them if they don’t.”

I apologize for the vaguely threatening nature of the end of the foregoing, but such arrogance is the natural by-product of the arrogance one gets when one is rich, rich, rich because one has been buying gold, silver and oil with frantic abandon as one’s world was awash in new money created – whole mountain ranges of new money created, indeed, whole freaking oceans of money were created! – by the Federal Reserve, especially nowadays so that the idiotic, desperate, corrupt, lying Congress and an equally corrupt White House can horrifically conspire to deficit-spend us into some deep, dark, dank whirlpool of destruction and despair where prices rise so high as a result of all of this new money that newspapers report food riots in the streets, often while running lighthearted stories of the magnificent and opulent lifestyles of those who bought gold, silver and oil, often referred to as the Really, Really Rich (RRR), and how we live it up with cute Hollywood starlets and drive snazzy new cars!

And it may happen sooner than you think, and hopefully as soon as I had dared hope, as an article titled “Mysterious BIS gold swaps are likely a bullion bank bailout” by Adrian Douglas of MarketForceAnalysis.com refers to the odd goings-on at the Bank for International Settlement as concerns a mysterious 380 tonnes of gold being involved in a mysterious gold swap with some commercial banks.

I smell corruption, a foul odor not dispelled by Mr. Douglas noting, “While a central bank theoretically and practically could hold 380 tonnes of unencumbered gold, there is no way that a commercial bank is sitting on 380 tonnes of unencumbered gold.” Hmmm!

His next sentence is pure horror film, if delivered in a darkly sinister voice, perhaps with some kind of foreign accent dripping intrigue. So lower the lights and set the spooky mood before saying, “So the gold in the BIS swaps came from” (pause for dramatic effect) “somewhere else.” Yikes!

He asks, “Why would this be done?” Well, the answer is not, “To raise money! The cash is needed because I have had it Up To Here (UTH) with the wife and kids complaining about a more-than-generous 1,000 calorie-per-day diet, which is all I can afford after using all my money to buy more gold, which is selling for peanuts when compared to the staggering amounts of money being created by central banks around the world!”

And why would I do such a thing? Because, as the Magnificent Mogambo (MM) himself said, “Gold at these prices is at the #2 spot of the Mogambo List Of Fabulous Investments (MLOFI), whereas the coveted #1 spot on the MLOFI is silver, which you will notice that I am not selling because of the compelling relative risk/reward ratio, no matter how much the ungrateful family whines and complains.”

Mr. Douglas is too smart to be drawn into the swamp of my personal life, especially where it is always a desperate “me against them” situation. Without even mentioning what a shame it is that I would sell gold just to buy food for people who happen to look good with that thin and pallid, sunken-eyes and protruding-bone, “Goth” look, he says that it is not about the money anyway!

He says, “This is not about currency liquidity, as the \$14 billion reported raised is not liquidity; it is pocket change.” Hmmm!

Then he goes on, “On the other hand, 380 tonnes of gold is liquidity in the gold market, where mines produce only about 2,200 tonnes per year,” which I thought he would follow up with how output is actually falling, and how no new big gold discoveries are being made, or how few new mines are being opened, or how people are finally listening to the Wise Mogambo Advice (WMA) to buy gold, silver and oil, and maybe how they are slapping themselves on the forehead (Slap! “Ouch!”) and saying to themselves, “Who knew that That Mogambo Idiot (TMI) was not as stupid as he sounded? He always said, ‘Buy gold, silver and oil when your idiotic, satanic central bank is creating excess amounts of money which will, because it must, show up as inflation in consumer prices, and buy them especially when the moronic government is deficit-spending the nation into asinine bankruptcy, where the national debt is over \$13 trillion dollars and climbing at almost \$2 trillion a year while GDP is barely \$14 trillion! It’s insane, insane, insane!’ And I remember also that he used to say that buying gold, silver and oil to protect myself from this preposterous lunacy was so easy that I would feel the urge to exclaim, ‘Whee! This investing stuff is easy!’”

But Mr. Douglas did not say any of that, and says instead that the deal is that “In this way the central bank or banks would get cash and the BIS would get the unallocated gold as collateral and as if by magic the bullion bank or banks would get 380 tonnes of gold to bail them out for a few more weeks as massive physical demand for metal eats their lunch.”

In short, the giant gold-manipulation scheme that the Gold Anti-Trust Action committee spent years exposing, and getting attacked by critics who, it turns out, did not know what they were talking about, is running up against the only thing that could ruin their game; buyers are demanding physical gold instead of pieces of paper that say that they represent ownership of gold!

And since the manipulation situation is even more outrageous for silver, you can see why I say, "Whee! Investing in gold, silver and oil is easy!"